

Section VIII

SMALL BUSINESS SURVEY — MINORITY COMMUNITIES

COMPARISON: MINORITY COMMUNITIES AND SAN DIEGO COUNTY AT-LARGE

At the conclusion of data collection for the general sample, individual businesses were identified according to the racial minority population proportion of the census tract in which they reside. After consultation with the Task Force, it was determined that an over-sample should be designed consisting of businesses residing in Census Tracts with Minority population proportions at or above 120% of the San Diego County average. The general sample of 1,537 interviews was augmented with an additional 73 interviews collected in these targeted Minority Census Tracts. The result of these additional interviews is an over sample of 498 cases from Minority Census Tracts. For the purposes of the following analyses, businesses residing within Minority Census Tracts (n=498) are compared to businesses residing throughout the rest of San Diego County (n=1,109).

Demographics of the Business Sample

The tables that follow present demographic information regarding the types of businesses interviewed in the Small Business Survey, with comparisons made between businesses in Minority Census Tracts and businesses in the rest of the county.

Table VIII-1 SIC Code of Business ^a				
		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Agriculture	Count	22	5	27
	Percent	2.0%	1.0%	1.7%
Mining	Count	1	1	2
	Percent	.1%	.2%	.1%
Construction	Count	72	17	89
	Percent	6.5%	3.4%	5.5%
Manufacturing	Count	45	31	76
	Percent	4.1%	6.2%	4.7%
Transportation	Count	33	14	47
	Percent	3.0%	2.8%	2.9%
Wholesale	Count	24	27	51
	Percent	2.2%	5.4%	3.2%
Retail	Count	251	133	384
	Percent	22.6%	26.7%	23.9%
Finance	Count	105	41	146
	Percent	9.5%	8.2%	9.1%
Services	Count	556	229	785
	Percent	50.1%	46.0%	48.8%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 27.296, df = 8, sig = .001

- The sample of businesses interviewed was designed to be in proportion to the distribution of small businesses in San Diego County by Standard Industrial Classification. Nearly half (48.8%) of the businesses interviewed fall under the classification of Services, with an additional quarter (23.%) being classified as Retail.
- There are small but significant differences between the distribution of businesses by SIC code between these areas. The Minority Census Tract areas have somewhat higher proportions of businesses in Retail, Manufacturing and Wholesale industrial classes, and somewhat lower proportions of businesses in the Construction and Services industrial classes.

Table VIII-2 Number of Years of Business in San Diego^a				
		Minority Oversample Status		Total
		Rest of County	Within Minority Census Tracts	
Less than 5	Count	258	130	388
	Percent	23.3%	26.2%	24.2%
5 to 9	Count	221	97	318
	Percent	19.9%	19.5%	19.8%
10 to 19	Count	358	145	503
	Percent	32.3%	29.2%	31.3%
20 or More	Count	271	125	396
	Percent	24.4%	25.2%	24.7%
Don't Know/ Refused	Count	1		1
	Percent	.1%		.1%
Total	Count	1109	497	1606
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 2.794, df = 4, sig = .593

- Respondents were asked how many years their business had been operating in San Diego County.
- The average number of years for all business was thirteen years. Roughly one-quarter (24.2%) of all businesses surveyed had been in operation less than five years, while roughly one-quarter (24.7%) had been in operation twenty years or more.
- There was no difference between the tenure of businesses based on Minority status of Census Tracts.

Table VIII-3
Is Business Location Leased or Owned^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Own	Count	312	111	423
	Percent	28.1%	22.3%	26.3%
Lease	Count	786	381	1167
	Percent	70.9%	76.5%	72.6%
Don't Know/ Refused	Count	11	6	17
	Percent	1.0%	1.2%	1.0%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 6.367, df = 3, sig. = .095

- Respondents were asked whether the location of their business was owned by the business or leased.
- Nearly three-quarters (72.6%) of the businesses reported that they currently lease their location.
- A smaller proportion of businesses in Minority Census Tracts reported owning their business location. While these were small differences between businesses based on the minority status of their business location were present in the sample, these differences were not large enough to be statistically significant.

Table VIII-4
Is Business a Sole Proprietor, Partnership, or Corporation?^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Sole Proprietor	Count	652	298	950
	Percent	58.8%	59.8%	59.1%
Partnership	Count	125	55	180
	Percent	11.3%	11.0%	11.2%
Corporation	Count	317	137	454
	Percent	28.6%	27.5%	28.3%
Other	Count	15	6	21
	Percent	1.4%	1.2%	1.3%
Don't Know/ Refused	Count		2	2
	Percent		.4%	.1%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 4.731, df = 4, sig. .316

- Respondents were asked about the ownership structure of their business.
- When prompted with categories, over half (59.1%) of the respondents classified their businesses as a sole proprietorship, followed by corporation (28.3%) and partnership (11.2%).
- There were no significant differences in the structure of these businesses, based on Minority status of their business location.

Table VIII-5
Number of Full-Time Employees^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
None	Count	54	17	71
	Percent	4.9%	3.4%	4.4%
One	Count	359	140	499
	Percent	32.4%	28.2%	31.1%
Two	Count	216	85	301
	Percent	19.5%	17.1%	18.8%
3 to 5	Count	283	146	429
	Percent	25.5%	29.4%	26.7%
6 to 10	Count	127	71	198
	Percent	11.5%	14.3%	12.3%
More than 10	Count	65	36	101
	Percent	5.9%	7.2%	6.3%
Don't Know/ Refused	Count	4	2	6
	Percent	.4%	.4%	.4%
Total	Count	1108	497	1605
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 9.815, df = 6, sig. = .133

- Respondents were asked about the number of persons employed by their business full-time. The question clarified that respondents should not include themselves in this count.
- Roughly half of the businesses interviewed reported having two or fewer full-time employees, with two being the median response across all businesses. The mean number of full-time employees reported was slightly greater than four, indicating that a small number of businesses interviewed had much larger numbers of full-time employees.
- Differences in numbers of full-time employees between businesses located Minority and non-Minority Census Tracts were relatively small. These differences show that businesses in the Minority Census Tract areas are slightly more likely to have more full-time employees, perhaps reflecting differences in the types of businesses in those areas (more Manufacturing and Retail).

Table VIII-6^a
Number of Part-Time Employees

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
None	Count	549	241	790
	Percent	49.5%	48.4%	49.2%
One	Count	228	107	335
	Percent	20.6%	21.5%	20.8%
Two	Count	129	69	198
	Percent	11.6%	13.9%	12.3%
3 to 5	Count	127	50	177
	Percent	11.5%	10.0%	11.0%
More than 5	Count	66	27	93
	Percent	6.0%	5.4%	5.8%
Don't Know/ Refused	Count	10	4	14
	Percent	.9%	.8%	.9%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 2.433, df = 5, sig. .787

- Respondents were asked about the number of persons employed by their business part-time. Once again, the question clarified that respondents should not include themselves in this count.
- Nearly half (49.2%) of the businesses interviewed reported having no part-time employees, with one being the median response across all businesses. The mean number of part-time employees reported was slightly less than two, indicating that a small number of businesses interviewed had much larger numbers of part-time employees.
- Differences in numbers of part-time employees between businesses located in Minority vs. non-Minority Census Tracts were non-existent.

Table VIII-7
Does Owner Live in the Same Zip Code as Business? ^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	488	182	670
	Percent	44.0%	36.5%	41.7%
No	Count	619	315	934
	Percent	55.8%	63.3%	58.1%
Don't Know/ Refused	Count	2	1	3
	Percent	.2%	.2%	.2%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

^a. Chi-square = 7.862, df = 2, sig. = .020

- Respondents were asked whether they lived in the same Zip Code as their business. This question was intended to look into whether business owners were members of the community or neighborhood in which their business was located.
- Less than half (41.7%) of the business owners interviewed reported that they lived in the same Zip Code as their business.
- There was a significant difference between businesses in Minority and non-Minority Census Tracts. A larger proportion of business owners from non-Minority Tracts reported living in the same Zip Code as their business.

Table VIII-8
Does Business Qualify as Minority-Owned or Female-Owned? ^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Minority-Owned Business	Count	138	128	266
	Percent	12.4%	25.7%	16.6%
Female-Owned Business	Count	250	81	331
	Percent	22.5%	16.3%	20.6%
Both Minority and Female-Owned	Count	60	36	96
	Percent	5.4%	7.2%	6.0%
Neither Minority nor Female-Owned	Count	640	242	882
	Percent	57.7%	48.6%	54.9%
Don't Know/ Refused	Count	21	11	32
	Percent	1.9%	2.2%	2.0%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 51.437, df = 5, sig. .000

- Respondents were asked whether or not their business qualified as either a minority-owned or female-owned business.
- Slightly more than half (54.9%) of all respondents answered that their businesses did not qualify as either minority or female-owned.
- One-fifth (20.6%) of all businesses were described as being female-owned and one-sixth were described as being minority-owned. Six percent of the businesses described themselves as being both minority and female-owned.
- There were significant differences in ownership status based on Minority Census Tract location. Businesses from Minority Census Tracts were twice as likely to be minority-owned than were businesses from non-Minority Census Tracts.
- Businesses from non-Minority Census Tracts were somewhat more likely to be female-owned.

Table VIII-9
Racial Background of the Primary Owner^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
White/Caucasian	Count	874	306	1180
	Percent	78.8%	61.4%	73.4%
Black/African-American	Count	19	10	29
	Percent	1.7%	2.0%	1.8%
Latino/Hispanic	Count	72	99	171
	Percent	6.5%	19.9%	10.6%
Asian American	Count	53	52	105
	Percent	4.8%	10.4%	6.5%
Native American	Count	13	2	15
	Percent	1.2%	.4%	.9%
Other	Count	14	6	20
	Percent	1.3%	1.2%	1.2%
Middle Eastern	Count	22	9	31
	Percent	2.0%	1.8%	1.9%
Don't Know/ Refused	Count	42	14	56
	Percent	3.8%	2.8%	3.5%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 92.216, df = 8, sig. .000

- As a follow-up to the previous question concerning minority status of owners, respondents were asked to report the racial background of the primary owner of the business.
- Nearly three-quarters (73.4%) of the businesses were reported to be owned by White or Caucasian persons. Latino or Hispanic persons made up the next largest ownership group (10.6%).
- Significant differences were present between businesses located in Minority Census Tracts and those in non-Minority Census Tracts. The percentage of businesses with Latino or Hispanic and Asian-American owners was significantly higher in Minority Census Tracts. Even though the majority of business owners in Minority Census tracts reported that they were White or Caucasian, the rate of business ownership by Latinos or Hispanics was three times higher in Minority Census Tracts, while the ownership rate for Asian-Americans was more than twice as high in Minority Census Tracts.

Table VIII-10
Gross Annual Revenues of Business^a

		Minority Oversample Status		Total
		Rest of County	Within Minority Census Tracts	
Less than \$50,000	Count	178	104	282
	Percent	16.1%	20.9%	17.5%
\$50,000 to under \$100,000	Count	174	64	238
	Percent	15.7%	12.9%	14.8%
\$100,000 to under \$250,000	Count	226	87	313
	Percent	20.4%	17.5%	19.5%
\$250,000 to under \$500,000	Count	167	79	246
	Percent	15.1%	15.9%	15.3%
\$500,000 to under \$800,000	Count	78	48	126
	Percent	7.0%	9.6%	7.8%
\$800,000 to under \$1 million	Count	49	18	67
	Percent	4.4%	3.6%	4.2%
Above \$1 million	Count	86	32	118
	Percent	7.8%	6.4%	7.3%
Don't Know/Refused	Count	151	66	217
	Percent	13.6%	13.3%	13.5%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 12.450, df = 7, sig. .087

- Respondents were asked to report the gross annual revenues of their businesses. Dollar ranges were read to the respondents in increasing amounts, with instructions to select the range that best fit their business.
- Over eighty percent of the businesses interviewed responded to this question.
- Of those who responded, more than half reported annual revenues less than \$250,000, with the largest category being \$100,000 to \$250,000 (19.5%).
- Differences according to minority status of Census Tract were not statistically significant. What differences that were present did not seem to fit a consistent pattern.

Business Expansion

Survey respondents were asked a series of questions regarding business expansion. The following tables report their responses to topics including expectations of future expansion, barriers to expansion and ways that their business might expand.

Table VIII-11				
Does Respondent Expect to Expand Business in the Next Year? ^a				
		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	498	236	734
	Percent	44.9%	47.4%	45.7%
No	Count	586	245	831
	Percent	52.8%	49.2%	51.7%
Don't Know/ Refused	Count	25	17	42
	Percent	2.3%	3.4%	2.6%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%
a. Chi-square = 3.114, df = 2, sig. = .211				

- Respondents were asked whether they expected that their business would expand in the next year.
- The majority of respondents (51.7%) answered that they did not expect their businesses to expand within the next year.
- There were no significant differences on this question related to the Minority status of the Census Tract in which the business was located.

**Table VIII-12
How Owners Expect Business Will Expand**

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Need Additional Personnel	358	68.5	188	74.3
Increase Marketing or Advertising	325	62.1	166	65.6
Need to Buy Inventory or Supplies	286	54.7	134	53.0
Need to Buy Equipment	273	52.2	143	56.5
Need More Space at Present Site	166	31.7	92	36.4
Need More Space at Additional Locations	163	31.2	90	35.6
Offer a Different Product or Service	163	31.2	81	32.0
Increase Research and Development	132	25.2	79	31.2
Need to Relocate	130	24.9	69	27.3

- Those respondents who said that their businesses would expand were asked in which ways they thought their businesses would expand. Respondents were read a list of possible ways for businesses to expand.
- Adding Personnel, Increasing Advertising, Purchasing Inventory or Supplies and Purchasing Equipment were selected by more than half of the respondents as being ways that their business would expand. Relocation was the least popular way to expand businesses.
- Differences between Minority and non-Minority Census Tract businesses were very small.

Table VIII-13
Perceived Major Barriers to Business Expansion

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Government Regulations	266	24.0	108	21.7
Availability of Skilled Labor	214	19.3	91	18.3
Availability of Investment Capital	209	18.8	83	16.7
Competition from National Chains	159	14.3	86	17.3
Cost of Loans or Interest on Loans	159	14.3	67	13.5
Availability of Business Credit	151	13.6	65	13.1
Cost of Equipment	132	11.9	69	13.9
Availability of Space	115	10.4	43	8.6
Customer Base Not Large Enough	113	10.2	51	10.2
Availability of Trained Managers	111	10.0	52	10.4
Neighborhood Image	61	5.5	37	7.4

- Respondents were asked if there was anything that they perceived to be a barrier to business expansion. Each respondent was read a list of possible barriers to business expansion and asked to rate whether they were “major barriers” “minor barriers” or “not a barrier” to the expansion of their business. The table above reports the number of businesses that identified each item as being a major barrier to their business’ expansion.
- Government regulations, availability of skilled labor and availability of investment capital were the items selected most often as being major barriers to business expansion.
- Differences in answers to this question between businesses from Minority and non-Minority Census Tracts were minor.

Sources of Business Funding

Business owners were asked a series of questions regarding the sources of funding that they used to finance their business. The following tables report their answers to these questions regarding funding sources used at business start-up, since startup and for business growth.

Table VIII-14
Sources of Start-up Funding

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Own Money/Savings	685	63.3	319	66.6
Bank Loans	137	12.7	55	11.5
Investors	59	5.4	25	5.2
Family/Loan from Family	48	4.4	33	6.9
Credit Cards	35	3.2	11	2.3
Other Line of Credit	29	2.7	13	2.7
SBA Loan	28	2.6	16	3.3
Home Equity/2nd Mortgage	25	2.3	7	1.5
Other Businesses	20	1.8	8	1.7
Bank Line of Credit	17	1.6	6	1.3
Previous Owners	11	1.0	4	.8
Business Profits/Revenue	8	.7	5	1.0
Sold Personal Property	5	.5	4	.8

- Respondents were asked the following opened-ended question: “What sources of funding did you use to finance your company's start-up?” Multiple answers to this question were recorded.
- Over half of all businesses responded that they used their own money or their savings to finance their businesses’ start-up. No other answer came close in terms of the proportion responding. Bank loans were the only other source mentioned by more than ten percent of the survey respondents.
- There were no significant differences in the answers given by respondents with businesses in Minority or non-Minority Census Tract areas.

Table VIII-15
Different Sources of Funding Used After Start-Up

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Bank Loans	92	8.5	41	8.6
Bank Line of Credit	57	5.3	25	5.2
Own Money/Savings	52	4.8	27	5.6
Credit Cards	51	4.7	22	4.6
Other Line of Credit	42	3.9	21	4.4
Family/Loan from Family	27	2.5	9	1.9
SBA Loan	26	2.4	11	2.3
Investors	21	1.9	10	2.1
Business Profits/Revenue	20	1.9	13	2.7
Home Equity/2nd Mortgage	16	1.5	5	1.0
Other Businesses	6	.6	3	.6
Previous Owners	2	.2		

- Survey respondents were then asked follow-up question regarding business funding: “Are there any other sources of funding that you might have used since start-up to finance your company?” Multiple answers to this question were recorded.
- Relatively few businesses reported using additional sources of funding since start-up. No additional source of funding was mentioned by as many as ten percent of the survey respondents.
- Bank loans, bank lines of credit, their own money or savings, and credit cards were the additional sources of funding mentioned most often by survey respondents.
- There were no significant differences in the answers given by respondents with businesses in Minority or non-Minority Census Tract areas.

Table VIII-16
Different Sources of Funding Used for Growth

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Business Profits/Revenue	401	37.1	165	34.4
Own Money/Savings	180	16.6	75	15.7
Bank Loans	90	8.3	44	9.2
Bank Line of Credit	76	7.0	26	5.4
Other Line of Credit	73	6.7	31	6.5
Credit Cards	53	4.9	20	4.2
Investors	15	1.4	9	1.9
SBA Loan	14	1.3	5	1.0
Other Businesses	12	1.1	13	2.7
Family/Loan from Family	6	.6	3	.6
Home Equity/2nd Mortgage	3	.3	1	.2

- Survey respondents were then asked an additional follow-up question regarding business funding: “What different sources of funding do you currently use to finance your company's growth and development?” Multiple answers to this question were recorded.
- Business profits or revenues were mentioned by over one-third of the survey respondents. Roughly half as many respondents mentioned use of their own money or savings. These two answers could be argued to constitute virtually the same concept.
- No other answers were mentioned by as many as ten percent of the survey respondents.
- There were no significant differences in the answers given by respondents with businesses in Minority or non-Minority Census Tract areas.

Loans and Lines of Credit

Survey respondents were asked a series of questions aimed at documenting their current and past uses of funding from lenders. The following section chronicles the respondents' use of loans and lines of credit from lenders (both business and personal) and what these funds are used for.

Table VIII-17				
Do You or Your Business Have a Loan From a Lender?^a				
		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	234	91	325
	Percent	23.3%	20.0%	22.3%
No	Count	757	345	1102
	Percent	75.3%	75.8%	75.5%
Don't Know/ Refused	Count	14	19	33
	Percent	1.4%	4.2%	2.2%
Total	Count	1005	455	1460
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 16.137, df = 3, sig. = .001

- Survey respondents were asked whether they or their business currently had a loan from a lending institution.
- Slightly less than one-quarter (22.3%) answered that they did have a loan from a lender.
- Businesses from Minority Census Tracts were slightly less likely to report that they had a loan. These businesses were also more likely to answer “Don’t Know” or to refuse to answer the question.

Table VIII-18
Is This a Business or Personal Loan?^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Business	Count	143	51	194
	Percent	60.1%	53.7%	58.3%
Personal	Count	50	22	72
	Percent	21.0%	23.2%	21.6%
Both Business and Personal	Count	39	17	56
	Percent	16.4%	17.9%	16.8%
Don't Know/ Refused	Count	6	5	11
	Percent	2.5%	5.3%	3.3%
Total	Count	238	95	333
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 3.865, df = 4, sig. .425

- Respondents who reported having a loan were asked whether the loan was a business or personal loan.
- Over half (58.3%) replied that they had a business loan only, with smaller numbers reporting having only a personal loan (21.6%) or having both business and personal loans (16.8%).
- There were no statistically significant differences between businesses according to the Minority status of their Census Tracts.

Table VIII-19
Respondents' Uses for Business Loan

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Equipment-Related	46	26.6	21	32.8
Cash Flow - Working Capital	38	22.0	14	21.9
Start-Up Expenses - Real Estate Acquisition	33	19.1	8	12.5
Expansion - Remodel	26	15.0	11	17.2
Pay Bills - Debt Consolidation	26	15.0	4	6.3
Purchase Supplies - Inventory	14	8.1	11	17.2
New Construction	7	4.0		
Personal – Not Business Related	4	2.3	1	1.6
Moving - Relocation Expenses	3	1.7		
Large Expense Related	1	.6		
Have Not Used It Yet			1	1.6

- Those respondents who reported having a business loan were asked to describe how the funds were used by the business.
- The most frequent answers given were that funds were used for equipment-related expenses, cash flow or working capital, start-up expenses, and expansion or remodeling of the business.
- Responses were very similar between businesses in Minority and non-Minority Census Tracts.

Table VIII-20 Do You Use Your Personal Loan for Business Expenses? ^a				
		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	71	29	100
	Percent	74.7%	63.0%	70.9%
No	Count	19	14	33
	Percent	20.0%	30.4%	23.4%
Don't Know/ Refused	Count	5	3	8
	Percent	5.3%	6.5%	5.7%
Total	Count	95	46	141
	Percent	100.0%	100.0%	100.0%
a. Chi-square = 4.157, df = 3, sig. .245				

- Respondents who reported having personal loans were asked whether they used that loan for business expenses.
- Nearly three-quarters (70.9%) of these businesses reported that they did use funds from their personal loans to pay business expenses.
- While the proportion of non-Minority business in the sample that used personal loan funds for business expenses was somewhat larger, this trend was not strong enough to be statistically significant.

Table VIII-21
Respondents' Uses for Personal Loan

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Cash Flow - Working Capital	25	34.7	3	10.0
Equipment-Related	17	23.6	10	33.3
Other General Business Use	14	19.4	6	20.0
Purchase Inventory for Resale	9	12.5	2	6.7
Start-Up Expenses	5	6.9	4	13.3
Personal Non-Business Use	5	6.9	3	10.0
House - Home Related	4	5.6	1	3.3
Acquire Present Business - Expansion	3	4.2	2	6.7
Moving- Relocation Expenses	1	1.4		

- Respondents who reported using their personal loans for business-related functions were asked to describe those uses.
- Uses mentioned most often included cash flow or working capital, equipment-related expenses and other “general” expenses. These answers were very similar to the answers given regarding use of business loans.
- Because of the small numbers of businesses asked this question, stable trends can not be assessed for statistical significance. Within this sample, however, the proportion of businesses from Minority Census Tracts that reported using personal loan funds for business working capital was much smaller than among non-minority area businesses.

Table VIII-22
Do You or Your Business Have a Line of Credit From a Lender?^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	447	193	640
	Percent	44.5%	42.4%	43.8%
No	Count	541	240	781
	Percent	53.8%	52.7%	53.5%
Don't Know/ Refused	Count	17	22	39
	Percent	1.7%	4.8%	2.7%
Total	Count	1005	455	1460
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 14.009, df = 3, sig. = .003

- Respondents were also asked whether they or their business currently had a line of credit with a lender.
- Less than half (43.8%) reported that they or their business had a line of credit with a lender. This figure, however, was greater than the number of businesses that reported having loans.
- A slightly larger proportion of businesses from non-Minority Census Tracts reported having lines or credit (44.5% to 42.4%).
- Businesses from Minority Census tracts were also more likely to refuse to answer or answer “Don’t Know” to this question.

Table VIII-23
Is This a Business or Personal Line of Credit?^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Business	Count	306	138	444
	Percent	67.8%	69.7%	68.4%
Personal	Count	79	36	115
	Percent	17.5%	18.2%	17.7%
Both Business and Personal	Count	62	20	82
	Percent	13.7%	10.1%	12.6%
Don't Know/Refused	Count	4	4	8
	Percent	.9%	2.0%	1.3%
Total	Count	451	198	649
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 4.332, df = 4, sig. .363

- Respondents who reported having a line of credit were asked whether the line of credit was a business or personal one.
- Two-thirds (68.4%) replied that they had a business line or credit only, with smaller numbers reporting having only a personal line of credit (17.7%) or having both business and personal lines of credit (12.6%).
- There were no significant differences between businesses according to the Minority status of their Census Tracts.

Table VIII-24
Respondents' Uses for Business Line of Credit

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Cash Flow - Working Capital	139	41.0	56	37.3
Equipment-Related	57	16.8	25	16.7
Inventory - Supplies	50	14.7	29	19.3
Emergency Fallback - Cash Reserves	42	12.4	21	14.0
Line Of Credit Not Used	38	11.2	8	5.3
Improvements - Expansion - Remodel	15	4.4	8	5.3
Real Estate Acquisition	8	2.4	3	2.0
Other - Personal Use	7	2.1	4	2.7
Start-Up Expenses	5	1.5	1	.7
Large Expense Issues - Contracts	4	1.2	1	.7
Marketing - Advertising	1	.3	2	1.3

- Those respondents who reported having a business line of credit were asked to describe how the funds were used by the business.
- The most frequent answer given was that funds were used for cash flow or working capital. Other answers given often, but much less frequently were that funds were used for equipment-related expenses, inventory or supplies, or cash reserves in case of emergency.
- Responses were very similar between businesses in Minority and non-Minority Census Tracts.

Table VIII-25
Does Respondent Use Personal Line of Credit for Business Expenses? ^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	85	34	119
	Percent	58.6%	56.7%	58.0%
No	Count	55	22	77
	Percent	37.9%	36.7%	37.6%
Don't Know/ Refused	Count	5	4	9
	Percent	3.5%	6.7%	4.4%
Total	Count	145	60	205
	Percent	100.0%	100.0%	100.0%

^a. Chi-square = 3.501, df = 3, sig. .321

- Respondents who had reported having a personal line of credit were asked if they used that line of credit for business-related expenses.
- Over half (58.0%) reported that they did use their personal line of credit for business expenses.
- There was no significant difference between businesses based on the Minority status of their Census Tract.

Table VIII-26
Respondents' Uses for Personal Line of Credit

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Cash Flow - Working Capital	32	39.0	12	35.3
Inventory - Supplies	30	36.6	11	32.4
Personal Non-Business Use	16	19.5	6	17.6
Emergency Fallback - Cash Reserves	4	4.9	2	5.9
Real Estate Acquisition	4	4.9		
Repairs - Improvement	3	3.7	1	2.9
Equipment-Related			2	5.9
Other	1	1.2	1	2.9

- Respondents who reported using their personal line of credit for business-related functions were asked to describe those uses.
- Uses mentioned most often included cash flow or working capital, inventory or supplies, and personal, non-business uses.
- Because of the small numbers of businesses asked this question, stable trends can not be assessed.

Applying for Loans

Survey respondents were asked a series of questions related to their experiences applying for loans and other types of funding. These questions paid special attention to the loan application process and to the experience those business owners had when their credit applications were unsuccessful.

Table VIII-27				
Have You Ever Filled Out Paperwork to Apply for Funding?^a				
		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	506	204	710
	Percent	45.6%	41.0%	44.2%
No	Count	588	281	869
	Percent	53.0%	56.4%	54.1%
Don't Know/ Refused	Count	15	13	28
	Percent	1.4%	2.6%	1.8%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 8.936, df = 3, sig. = .030

- Survey respondents were asked if they had ever filled out paperwork to apply for funding.
- Less than half (44.2%) answered that they had filled out paperwork to apply for funding in the past.
- Business owners from non-Minority areas were more likely to report having filled out funding paperwork than were business owners from Minority Census Tracts (45.6% to 41.0%).

Table VIII-28
Has Respondent Ever Filled Out a Short Form Credit Score Application?^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	243	104	347
	Percent	46.6%	47.9%	47.0%
No	Count	238	90	328
	Percent	45.7%	41.5%	44.4%
Don't Know/ Refused	Count	40	23	63
	Percent	7.7%	10.6%	8.5%
Total	Count	521	217	738
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 2.848, df = 3, sig. = .416

- Respondents were then asked a similar question – whether or not they had ever filled out a “short form” credit score application.
- Once again, less than half (47.0%) answered that they had filled out this type of credit application. Interestingly, nearly one-tenth of those asked (8.5%) gave either a Don’t Know or Refusal answer to this question. Anecdotal evidence from the telephone interviewing staff suggests that many respondents were unfamiliar with this type of credit application.
- There were no significant differences between businesses from Minority and non-Minority Census Tracts related to this question.

Table VIII-29
Has Respondent Ever Applied for Credit Over the Telephone?^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	171	67	238
	Percent	15.4%	13.5%	14.8%
No	Count	925	420	1345
	Percent	83.4%	84.3%	83.7%
Don't Know/ Refused	Count	13	11	24
	Percent	1.2%	2.2%	1.5%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 4.430, df = 3, sig. .219

- Respondents were then asked about an additional method for applying for credit – over the telephone.
- About one in seven (14.8%) of respondents answered that they had applied for credit over the telephone in the past.
- Once again, there were no significant differences between businesses Minority and non-Minority Census Tract areas in response to this question.

Table VIII-30
Has Respondent Applied for a Loan ^a
or Line of Credit in the Past 2 Years?

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	318	132	450
	Percent	54.5%	53.4%	54.2%
No	Count	252	105	357
	Percent	43.2%	42.5%	43.0%
Don't Know/ Refused	Count	14	10	24
	Percent	2.4%	4.0%	2.9%
Total	Count	584	247	831
	Percent	100.0%	100.0%	100.0%

^a. Chi-square = 2.327, df = 3, sig. .507

- Survey respondents were asked if they had applied for a loan or line of credit in the past two years.
- Over half (54.2%) of those business owners interviewed answered that they had applied for funding in the past two years.
- There were no differences in response related to Minority Status of Census Tract.

Table VIII-31
Why Haven't You Applied for a Loan or Line of Credit?^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Didn't Need a Loan or Line of Credit	Count	567	257	824
	Percent	71.7%	70.2%	71.2%
Didn't Believe Request Would be Approved	Count	44	22	66
	Percent	5.6%	6.0%	5.7%
Overwhelmed by the Loan Process	Count	19	7	26
	Percent	2.4%	1.9%	2.2%
Used Other Means to Finance Business	Count	36	13	49
	Percent	4.6%	3.6%	4.2%
Other	Count	102	56	158
	Percent	12.9%	15.3%	13.7%
Don't Know/ Refused	Count	23	11	34
	Percent	2.9%	3.0%	2.9%
Total	Count	791	366	1157
	Percent	100.0%	100.0%	100.0%

^a. Chi-square = 3.995, df = 6, sig. = .677

- Those respondents who said that they had not applied for funding in the past two years were asked why they had not done so.
- Nearly three-quarters (71.2%) answered that they simply did not need the additional funds from a loan or line of credit.
- There were no differences in response related to Minority status of Census Tract.

Table VIII-32
Have You Been Denied a Business Loan in the Last 3 Years? ^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	105	49	154
	Percent	33.0%	37.1%	34.2%
No	Count	212	80	292
	Percent	66.7%	60.6%	64.9%
Don't Know/ Refused	Count	1	3	4
	Percent	.3%	2.3%	.9%
Total	Count	318	132	450
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 5.011, df = 2, sig. = .082

- Respondents who had applied for funding were asked if they had been denied a loan in the past three years.
- Roughly one third (34.2%) of those business who had applied for funding answered that they had been denied funding during that time period.
- Answers to this question were marginally related to Minority status of the Census Tract. A larger proportion of businesses from Minority Census Tracts than from non-Minority Census Tracts (37.1% to 33.0%) reported being denied funding over this time period.

Table VIII-33
How were you Informed that your Loan Request had been Denied?^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Telephone Call From Person I Had Spoken With About Loan	Count	20	10	30
	Percent	18.9%	19.2%	19.0%
Telephone Call From Other Person	Count	7	4	11
	Percent	6.6%	7.7%	7.0%
Letter From Person I Had Spoken With About Loan	Count	25	13	38
	Percent	23.6%	25.0%	24.1%
Letter From Other Person	Count	35	16	51
	Percent	33.0%	30.8%	32.3%
Face-To-Face With Person I Had Spoken With About Loan	Count	16	5	21
	Percent	15.1%	9.6%	13.3%
Face-To-Face With Other Person	Count	1	1	2
	Percent	.9%	1.9%	1.3%
Don't Know	Count	2	3	5
	Percent	1.9%	5.8%	3.2%
Total	Count	106	52	158
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 2.860, df = 6, sig. = .826

- Respondents who had been denied funding were asked a follow-up question concerning how they had been informed of their credit denial.
- The most common method of notification was by letter, with the largest number saying that they received a letter from a person they had not dealt with personally (32.3%), followed by those who received a letter from someone with whom they were familiar (24.1%). The next most common contact came by telephone, from a person they had spoken with about the loan (19.0%).
- There were no significant differences related to Minority status of Census Tract.

Table VIII-34
Why Does Respondent Feel Loan Request was Denied?

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Bad Credit History	41	42.3	20	39.2
Insufficient Income - Profit - Equity To Qualify	15	15.5	10	19.6
Not In Business Long Enough To Qualify	11	11.3	6	11.8
Business Not Large Enough To Qualify	6	6.2	5	9.8
Did Not Meet Lender's Criteria	5	5.2	5	9.8
Other	13	13.4	5	9.8

- Respondents whose loan requests were denied were asked why they felt this had occurred.
- The most common response was that their own bad credit history was the reason for denial of credit. Other answers given frequently were that they had insufficient income or equity to qualify for a loan or that their business was too new to qualify.
- Because of the small numbers of businesses asked this question, stable trends can not be assessed, however the rank ordering of the response categories is virtually the same.

Lenders and Lender Services

The next series of questions for business owners focussed on the banks that they did business with and the bank services that they used.

Table VIII-35 Banks Used by Respondents				
	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Union Bank	209	18.8	95	19.1
Bank Of America	207	18.7	113	22.7
Wells Fargo	188	17.0	102	20.5
Washington Mutual/Home Savings/Great Western	109	9.8	32	6.4
Grossmont	70	6.3	23	4.6
Peninsula	40	3.6	11	2.2
Glendale Federal/California	29	2.6	12	2.4
Scripps Bank	25	2.3	9	1.8
San Diego National Bank	16	1.4	4	.8
North County Bank	15	1.4	14	2.8
Bank of Commerce	13	1.2	11	2.2
Valle Del Oro Bank	13	1.2	4	.8
Neighborhood National Bank	8	.7	2	.4
First National Bank	8	.7	3	.6
Mission Federal Credit Union	7	.6	1	.2
San Diego County Credit Union	5	.5	2	.4
Capital Bank of North County	4	.4	1	.2
El Dorado Bank	3	.3	5	1.0
Rancho Santa Fe National Bank	2	.2	6	1.2
Comerica	2	.2	1	.2
Other Banks	65	5.9	30	6.0
Others, Including Non-Banks	36	3.2	10	2.0
Other Lending Institutions	19	1.7	11	2.2
Other Credit Unions	14	1.3	8	1.6

- When respondents were asked which banks they did business with, three banks stood out as being the ones with the most customers: Bank of America, Union Bank and Wells Fargo. The table above displays the wide variety of banks patronized by the survey respondents.

**Table VIII-36
Reasons for Choosing Bank**

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Convenience	611	55.1	276	55.4
Location	530	47.8	236	47.4
Quality of service	487	43.9	195	39.2
Cost	324	29.2	138	27.7
Variety of services/products	268	24.2	117	23.5

- Respondents were asked why they chose to do business with the banks that they currently used. Each respondent was read a list of possible reasons and allowed to choose more than one.
- The largest number of respondents answered that Convenience was one of the reasons why they chose their current bank. Over half of those asked gave that answer.
- Location and Quality of Service, were the next most selected reasons.
- Cost and Variety of Services were selected as reasons by less than one-third of the respondents.
- There were no appreciable differences in answers based on Minority status of Census Tract.

Table VIII-37
Has Respondents' Business Changed Lenders in the Last Two Years? ^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	143	62	205
	Percent	14.2%	13.6%	14.0%
No	Count	855	386	1241
	Percent	85.1%	84.8%	85.0%
Don't Know/ Refused	Count	7	7	14
	Percent	.7%	1.5%	1.0%
Total	Count	1005	455	1460
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 6.848, df = 3, sig. = .077

- Survey respondents were then asked whether their business had changed lenders in the last two years.
- Well over three-quarters (85.0%) of those asked said that they had not changed lenders in the recent past.
- While the differences between businesses based on Minority Census Tract status were not large enough to be statistically significant, slightly more non-Minority Census Tract businesses answered that their business had changed lenders in the past two years.

Table VIII-38
Reasons Why Respondents Changed Lenders

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Found Bank with Better Services	34	24.5	22	33.3
General Dissatisfaction	27	19.4	17	25.8
Bank Increased Costs/Fees	22	15.8	8	12.1
Bank Moved/Merged/Was Sold	13	9.4	4	6.1
No Longer Needed the Bank's Services	10	7.2		
Found a Bank at Better Location	9	6.5	6	9.1
Wanted More Personal Service/Smaller Bank	7	5.0	4	6.1
Other	15	10.8	2	3.0

- Respondents who said that their business had changed lenders were asked why they had done so. This question was asked open-ended, with answers being grouped into categories post-hoc.
- Answers given most often were that they had found a bank with better services, or that they were generally dissatisfied with the previous bank.
- Increases in costs or fees were mentioned by more than one in ten.
- There were no differences in the patterns of responses attributable to differences in the Minority status of the businesses' Census Tracts.

Table VIII-39
Bank Business Services Used

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Bank Cards	371	33.5	151	30.3
Wire Transfers of Funds	249	22.5	100	20.1
Deposit Drop Box	207	18.7	101	20.3
Night Deposits	158	14.2	72	14.5
Payroll Services	101	9.1	59	11.8
Cash Management Services	70	6.3	50	10.0
Accounts Receivable Services	49	4.4	29	5.8

- All respondents who reported using a bank were asked what type of business-related services they used.
- Bank cards were the business services mentioned most often by respondents, with about one-third of all respondents saying they used this service.
- Wire transfers of funds, deposit drop boxes and night deposits were the services mentioned next in order.
- No significant differences were found in the answers of businesses related to Minority status of Census Tract.

Table VIII-40
Small Business Services from Lenders Currently Used by Respondents

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Business Line of Credit	1043	94.0	462	92.8
Business Loans \$10,000 to \$25,000	615	55.5	228	45.8
Business Loans \$25,000 or More	409	36.9	177	35.5
Business Loans Under \$10,000	382	34.4	172	34.5
Business Credit Cards	132	11.9	69	13.9
Business Real Estate Loans	125	11.3	38	7.6
Business Savings Account	106	9.6	49	9.8
Business Checking Account	89	8.0	53	10.6
SBA Financing	64	5.8	38	7.6
Accounts Receivable Loans	34	3.1	14	2.8

- Respondents were next read a list of lender services that are commonly aimed at serving small business clients. For each service read, they were asked if they currently made use of this service.
- Over ninety percent of respondents answered that they made use of business lines of credit. This answer is quite different from one to a similar question earlier in the survey, where only half as many answered that they had a line of credit. This difference may be because the previous question referred specifically to lines of credit from “a lender”, while the current question simply asked “Do you currently use a business line of credit?” which may have been construed to include lines of credit from business suppliers.
- Roughly half of all respondents answered that they currently had a business loan of \$10-\$25,000, with about a third answering that they loans of either more than \$25,000 or less than \$10,000.
- Very few businesses answered that they used SBA financing or accounts receivable loans.
- There were no statistically significant differences based on the Minority status of Census Tracts.

Table VIII-41
Small Business Services from Lenders that
Respondents Don't Currently Use, But Want to Use

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
SBA Financing	350	31.6	150	30.1
Business Loans Under \$10,000	270	24.3	127	25.5
Business Checking Account	232	20.9	107	21.5
Business Credit Cards	204	18.4	98	19.7
Business Loans \$25,000 or More	199	17.9	82	16.5
Business Savings Account	187	16.9	105	21.1
Business Real Estate Loans	175	15.8	94	18.9
Business Loans \$10,000 to \$25,000	158	14.2	79	15.9
Accounts Receivable Loans	88	7.9	58	11.6
Business Line of Credit	20	1.8	10	2.0

- When respondents answered that they did not use a particular type of service, they were then asked if they wanted to use that type of service. Obviously, services that were least-used had more potential to be the most-desired (in raw numbers).
- Almost one-third of respondents answered that they would want to use SBA financing. Business loans under \$10,000 and business checking accounts were the next most popular services to add.
- Interest in services was not significantly related to Minority status of Census Tract.

Lender Location Changes

An area of concern for the Task Force was the issue of bank branch closings and location changes. One popular theory has been that branch closings have been more likely to occur in economically disadvantaged areas, thus affecting the access to capital in these areas. The next series of question were intended to explore the experiences of survey respondents with branch closings.

Table VIII-42				
Have You Had a Lender Change Location Within the Last Two Years?^a				
		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	180	66	246
	Percent	16.2%	13.3%	15.3%
No	Count	918	426	1344
	Percent	82.8%	85.5%	83.6%
Don't Know/ Refused	Count	11	6	17
	Percent	1.0%	1.2%	1.0%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 3.772, df = 3, sig. = .287

- All respondents were asked if they had had a lender change locations within the past two years.
- A relatively small percentage (15.3%) replied that they had experienced this situation.
- The answers to this question were not related to the Minority status of the Census Tract in which the business was located.

Table VIII-43
Did the Change in Location Affect Their Accessibility?^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
More Accessible	Count	26	11	37
	Percent	14.1%	16.2%	14.7%
Less Accessible	Count	87	34	121
	Percent	47.3%	50.0%	48.0%
Location is Not a Factor	Count	67	21	88
	Percent	36.4%	30.9%	34.9%
Don't Know/ Refused	Count	4	2	6
	Percent	2.1%	2.9%	2.4%
Total	Count	184	68	252
	Percent	100.0%	100.0%	100.0%

^a. Chi-square = 1.452, df = 4, sig. = .835

- Businesses that had had a branch change locations were asked if the change in location had affected their accessibility to the bank.
- Almost half (48.0%) of those in this situation said that the change had made accessibility worse. One third (34.9%) said that the change in location had had no affect with a small proportion (14.7%) answering that the change had made their bank more accessible.
- These differences were not related to the Minority status of business Census Tracts.

Table VIII-44
Why Do Respondents Think Lenders Change Locations?

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Merged - Consolidated	56	32.7	20	33.3
Sold - Taken Over	41	24.0	9	15.0
Financial - Economic Reasons	20	11.7	8	13.3
Went to a Better - More Convenient Location	16	9.4	10	16.7
Other	7	4.1	3	5.0

- This group of respondents was asked (open-ended) why they thought the lenders had changed locations.
- The largest numbers of respondents cited the financial consolidation or acquisition of their lenders – that their lenders had either merged with others or consolidated branches, or that their lender had been sold to another company.
- Although the number of responses to this question were too small to assess statistical significance, a much larger proportion with our sample of businesses from Minority Census Tracts felt that lenders had moved in order to have a more convenient location.

Table VIII-45
Did You Change Lenders When Your Lender Moved?^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	29	12	41
	Percent	15.8%	17.6%	16.3%
No	Count	152	54	206
	Percent	82.6%	79.4%	81.7%
Don't Know/ Refused	Count	3	2	5
	Percent	1.6%	2.9%	2.0%
Total	Count	184	68	252
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 1.616, df = 3, sig. = .656

- These respondents were also asked if they changed lenders as a result of the change in branch locations.
- Very few of the businesses in this situation (16.3%) answered that they changed lenders because of the location change.
- The answers to this question were not related to the Minority status of the Census Tract in which the business was located.

Table VIII-46
Has the Quality of Service Changed Because of Branch Closures? ^a

		Minority Oversample Status		
		Rest of County	Within Minority Census Tracts	Total
Yes	Count	285	102	387
	Percent	25.7%	20.5%	24.1%
No	Count	785	378	1163
	Percent	70.8%	75.9%	72.4%
Don't Know/ Refused	Count	39	18	57
	Percent	3.5%	3.6%	3.6%
Total	Count	1109	498	1607
	Percent	100.0%	100.0%	100.0%

a. Chi-square = 5.467, df = 3, sig. = .141

- All respondents were asked whether they felt that the quality of service provided by lenders had changed as a result of branch closures.
- Only one-quarter (24.1%) of those asked felt that the quality of service had been affected by branch closures.
- There was no difference in answers related to Minority status of the businesses' Census Tract.

Table VIII-47
For Lenders That Have Moved: How has Quality Changed?

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Service Has Worsened	124	47.0	46	48.4
Less Personal / Less Personal Contact	85	32.2	26	27.4
Less Convenient	35	13.3	14	14.7
More Automated / Bank Personnel Turnover	23	8.7	6	6.3
Increased Fees	17	6.4	6	6.3
Improved/Better	15	5.7	6	6.3
Other	6	2.3	3	3.2

- Those respondents who felt that the quality of service had changed as a result of branch closures were asked in which ways they thought the quality had changed.
- The answer given most often (by nearly half of those responding) was that the service provided by lenders had worsened. Other popular answers were that lenders were providing less personal service or contact, and that the lenders had become less convenient.
- The responses to this question did not differ greatly based on Minority status of Census Tract.

Small Business Assistance

The final set of questions asked of survey respondents had to do with the types of non-lender business services they had used in the past.

Table VIII-48				
Business Services or Assistance Respondent Has Used				
	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent	Count	Percent
Accounting or Bookkeeping	607	54.7	272	54.6
Computer/Technology Assistance	504	45.4	180	36.1
Legal Assistance	441	39.8	164	32.9
Marketing Assistance	235	21.2	88	17.7
Financial Management	160	14.4	71	14.3
Investment Strategies	152	13.7	62	12.4
Business Planning Assistance	143	12.9	62	12.4
Human Resources	98	8.8	46	9.2
Venture Capital	43	3.9	16	3.2

- Respondents were read a list of services and asked if they had used these services. The list of services provided included services that might be expected to be helpful to small businesses during their start-up
- Over half of the businesses reported making use of Accounting or Bookkeeping services. Computer or Technology Assistance and Legal Assistance were the next most popular types of business services used.
- Businesses in Minority Census Tracts reported a slightly lower use of some of these services.

Table VIII-49
Which Services Did Respondents Have to Pay For?

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent of Those Using Service	Count	Percent of Those Using Service
Accounting or Bookkeeping	555	91.4	252	92.6
Legal Assistance	375	85.0	134	81.7
Computer or Technology Assistance	390	77.4	135	75.0
Marketing Assistance	148	63.0	55	62.5
Financial Management	89	55.6	39	54.9
Human Resources	49	50.0	26	56.5
Business Planning	61	42.7	29	46.8
Investment Strategies	57	37.5	30	48.4
Venture Capital Recruitment	16	37.2	7	43.8

- Respondents who reported using particular types of business services were asked if they had had to pay for these services.
- Over three-quarters of the businesses that reported using Accounting or Bookkeeping services, Legal Assistance or Computer Technology Assistance said that they had had to pay for these services.

Table VIII-50
Percentage of Respondents Rating Services as "Very Helpful"

	Minority Oversample Status			
	Rest of County		Within Minority Census Tracts	
	Count	Percent of Those Using Service	Count	Percent of Those Using Service
Accounting or Bookkeeping	507	83.5	220	80.9
Computer or Technology Assistance	394	78.2	129	71.7
Legal Assistance	339	76.9	120	73.2
Financial Management	119	74.4	43	60.6
Business Planning	105	73.4	33	53.2
Venture Capital Recruitment	28	65.1	11	68.8
Human Resources	63	64.3	25	54.3
Marketing Assistance	120	51.1	51	58.0

- Businesses that had reported using particular types of business services were asked how helpful they felt those services had been. The table above reports the percentage of users of each service who said that the service was “very helpful” to their business.
- Accounting or Bookkeeping services, Computer or Technology Assistance and Legal Assistance were the services that were rated “very helpful” most often. These services were also most likely to be fee-based services.
- A smaller proportion of business from Minority Census Tracts rated several of the business services lower, including: Computer or Technology Assistance, Financial Management, Business Planning and Human Resources services they received as being very helpful. Businesses from these areas gave higher ratings, however to the Marketing Assistance they had received.